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F O R T U N E

SPECIAL ISSUE

THE 1987 INVESTOR'S GUIDE

LEADING THE FORTUNE
CHALLENGE

brokers compete to create your best portfolio

Winning strategies for up — and down — markets
Making the new tax law work for you
Industries that look promising now
How to pick
and use a money manager
And more

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CONGRSSNL INFO SVC H000
4520 EAST-WEST HWY
STE 800
BETHESDA MD 20814
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FORTUNE

SPECIAL ISSUE: THE 1987 INVESTOR'S GUIDE

4 THE EDITOR'S DESK

■ INVESTMENT STRATEGY AND VEHICLES

8 HOW TO WIN IN BULL—AND BEAR—MARKETS

In most down markets, buy bargains and await the upturn. But be ready to sell at warnings of a ferocious downturn.

21 SELECTING STOCKS THAT WILL SCORE

Winners lurk among all kinds of companies—young and old, cheap and not so cheap.

43 GOING FOR HIGH YIELDS WITH A BIT MORE RISK

The days of worry-free double-digit interest rates are gone, but investors can still find fat returns to feed on.

58 THE LEADERS OF THEIR PACKS

We list the top ten in ten kinds of investment vehicles, from mutual funds to low P/E stocks with good growth prospects.

63 WHY INVESTORS MAKE THE WRONG CHOICES

Knowing how irrational fears cause others to make bad buy-and-sell decisions can help you outwit the crowd.

■ SUCCESSFUL INVESTORS

72 SIX WHO WON IN THE MARKET

Five men and a woman took different ways to do it, but each has accumulated an impressive portfolio.

■ TAXES AND INVESTING

99 HOW THE NEW RULES CHANGE YOUR STRATEGY

They make capital gains worth less, but sweeten plain-vanilla investments like—are you ready?—insurance policies.

111 SORTING OUT WHAT'S LEFT OF TAX SHELTERS

The new law provides for gradual demolition, starting right away. Here's some expert advice on what you can salvage.

■ THE OUTLOOK

117 FORTUNE FORECAST: IS SLOW GROWTH SO TERRIBLE?

Profits will be down, inflation up. But debt will grow more slowly, and interest rates won't rise. Moderation has its virtues.

123 PROMISING INDUSTRIES FOR INVESTORS

New products and services, and old ones with new luster, should make some businesses outshine the market averages.

■ THE FORTUNE INVESTMENT CHALLENGE

139 INTRODUCTION: WHO CAN MAKE THE MOST OF \$100,000?

In our annual competition, six brokerage houses vie to create a winning portfolio.

140 THE 1986 WINNER: PHILLIPS & DREW

The champion invested his entire stake overseas. He cleaned up on the dollar and well-chosen stocks.

144 SIX PORTFOLIOS FOR 1987

Five veterans and one new player choose the stocks they think will perform outstandingly in the coming 12 months.

■ SOURCES OF HELP

168 HOW TO PICK AND USE A MONEY MANAGER

You don't have to be super-rich to have a pro run your portfolio, but his investment philosophy should parallel your own.

179 GETTING BIG-LEAGUE SAVVY WITH MUTUAL FUNDS

If you don't qualify for a personal money manager, you can still get the benefit of professional smarts.

185 SOFTWARE PACKAGES FOR INVESTORS

With a PC you can manage a portfolio and make smarter decisions faster. Here's the best and latest in programs.

190 INDEX

THE LEADERS OF

■ The lists arrayed on these two pages present the top tens in ten varieties of investments. Two of the lists involved some fairly fancy database searching. The information for both of these came from Institutional Brokers Estimate System, a service of the New York brokerage firm Lynch Jones & Ryan. IBES collects estimates of future earnings for companies large and small from 2,500 security analysts. One list shows the highest estimated rates of growth in earnings per share among stocks with below-average price-earnings ratios. The other shows the lowest P/E ratios among companies with above-average estimated growth. In both cases, the "average" is of the IBES universe of 3,500 companies. FORTUNE excluded savings and loans from the list of lowest P/E ratios; otherwise it would have been almost all S&Ls.

In the five lists of mutual funds, the funds are ranked by total return—appreciation with all dividends and capital gains reinvested. The information for all five came from the New York firm Lipper Analytical Services. The other providers of lists: Donoghue's Money Fund Report, Holliston, Massachusetts; 100 Highest Yields, North Palm Beach, Florida; IDD Information Services, New York.

EQUITY FUNDS

	Total return for 12 months ended 9/30
Eaton Vance Total Return Boston	63.10%
Bruce Fund Chicago	60.21%
IDS Strategy Aggressive Equity Minneapolis	46.92%
Fidelity Special Situations Boston	46.10%
Twentieth Century Vista Kansas City, Mo.	45.29%
ABT Emerging Growth Cincinnati	45.24%
Twentieth Century Gifttrust Kansas City, Mo.	44.22%
NEL Retirement Equity Boston	43.81%
Fidelity Magellan Fund Boston	43.55%
UST Master Equity New York	43.32%

The "equity funds" tent covers types of funds the trade calls growth, equity income, and so forth.

MONEY MARKET FUNDS

	Yield over 12 months ended 8/31
Flex-Fund Money Market Fund Dublin, Ohio	7.46%
Kemper Money Market Fund Chicago	7.41%
Counsellors Cash Reserve New York	7.38%
Merrill Lynch Ready Assets Trust Princeton, N.J.	7.32%
Transamerica Cash Reserve Los Angeles	7.32%
Trinity Liquid Assets Trust New York	7.32%
Value Line Cash Fund New York	7.27%
Vanguard Money Market Trust, Prime Portfolio Valley Forge, Pa.	7.27%
Mariner Cash Management Fund New York	7.26%
Renaissance Assets Trust Money Market Fund Detroit	7.26%

As with the list of tax-exempt funds, the difference between fund and trust is faint.

INTERNATIONAL FUNDS

	Total return for 12 months ended 9/30
Fidelity Overseas Fund Boston	106.83%
G.T. Japan Growth Fund San Francisco	91.62%
Merrill Lynch Pacific Fund Princeton, N.J.	85.20%
Vanguard World-International Growth Valley Forge, Pa.	82.67%
G.T. Pacific Growth Fund San Francisco	82.11%
G.T. International Growth San Francisco	81.48%
GAM International New York	79.62%
Newport Far East Fund Richmond, Va.	77.78%
Transatlantic Fund New York	77.35%
Alliance International Fund New York	76.05%

International funds purchase only securities traded primarily outside the U.S.

ONE-YEAR CERTIFICATES OF DEPOSIT

	Effective annual yield as of 10/1
Alamo Savings of Texas San Antonio	7.71%
Vernon Savings & Loan Vernon, Texas	7.63%
Commodore Savings Dallas	7.59%
Bay Savings Bank Richmond, Va.	7.40%
Gill Savings San Antonio	7.36%
Peoples Savings & Loan Llano, Texas	7.35%
Virginia Beach Federal Savings & Loan Virginia Beach, Va.	7.35%
Western Federal Savings Gatesville, Texas	7.35%
FirstSouth F.A. Pine Bluff, Ark.	7.34%
Security Savings & Loan Scottsdale, Ariz.	7.34%

All these institutions accept out-of-state deposits. The minimum is either \$500 or \$1,000.

THEIR PACKS

SMALL COMPANY GROWTH FUNDS

	Total return for 12 months ended 9/30
Gradison Opportunity Growth Cincinnati	42.98%
Janus Venture Fund Denver	35.02%
Dreyfus New Leader Fund Garden City, N.Y.	31.18%
Massachusetts Financial Emerging Growth Boston	30.31%
Fidelity OTC Portfolio Boston	30.25%
GIT Equity Special Growth Arlington, Va.	30.08%
Acorn Fund Chicago	27.98%
Drexel Emerging Growth Series New York	26.87%
"New Beginning" Growth Fund Minneapolis	26.45%
United New Concepts Kansas City, Mo.	25.69%

There is no standard definition of "small."
Each fund has its own fix on what it means.

HIGH-GROWTH STOCKS

Estimated annual growth in earnings
per share over next five years
— Price-earnings ratio

Safeguard Scientifics High-tech equipment; King of Prussia, Pa.	53%	15
Banner Industries Diversified manufacturing; Cleveland	41%	10
S.A.Y. Industries Containers; Leominster, Mass.	40%	14
3Com Corp. Communications equipment; Mountain View, Calif.	40%	16
Munsingwear Inc. Clothing; Minneapolis	39%	14
Fries Entertainment TV movies; Los Angeles	35%	8
Days Inns Corp. Hotels; Atlanta	35%	9
Lafarge Corp. Building products; Dallas	35%	15
Businessland Computer retailing; San Jose, Calif.	33%	15
Sun Microsystems Computer work stations; Mountain View, Calif.	33%	15

Growth means growth in earnings per share, as
estimated by analysts who follow the companies.

CORPORATE BOND FUNDS

	Total return for 12 months ended 8/31
Hutton Investment, Bond & Income Series New York	31.31%
United Bond Fund Kansas City, Mo.	24.41%
Sigma Income Shares Wilmington, Del.	22.73%
Phoenix High Quality Bond Fund Hartford, Conn.	22.53%
Bond Fund of America Los Angeles	20.86%
Keystone Custodian Funds, B-1 Series Boston	20.47%
Babson Bond Trust Kansas City, Mo.	20.37%
GIT Income Trust A-Rated Fund Arlington, Va.	20.35%
Kemper Income & Capital Preservation Fund Chicago	20.11%
Dreyfus A Bonds Plus Garden City, N.Y.	19.95%

With all these funds, corporate bonds rated A or
better make up more than 60% of the portfolio.

STOCKS WITH LOW P/E RATIO

Price-earnings ratio
Estimated growth rate over
next five years

Elbit Computers Haifa, Israel	5	20%
De Beers Consolidated Mines Kimberley, South Africa	5	17%
Southmark Corp. Real estate; Dallas	5	15%
CalFed Inc. Financial services; Los Angeles	5	12%
Continental Information Systems Leasing; Syracuse, N.Y.	6	25%
Diamond-Bathurst Bottles; Malvern, Pa.	6	20%
Metro Airlines Houston	6	20%
Allegheny Beverage Food services; Cheverly, Md.	7	15%
Electro-Biology Medical devices; Fairfield, N.J.	7	12%
Citicorp New York	7	11%

Price-earnings ratios are based on estimated
earnings for the current fiscal year.

TAX-EXEMPT BOND FUNDS

	Total return for 12 months ended 8/31
SteinRoe Managed Municipals Chicago	30.13%
CIGNA Municipal Bond Fund Springfield, Mass.	28.01%
NEL Tax-Exempt Bond Fund Boston	27.86%
Financial Tax-Free Income Shares Englewood, Colo.	27.56%
United Municipal Bond Fund Kansas City, Mo.	27.24%
Mutual of Omaha Tax-Free Income Fund Omaha	27.20%
John Hancock Tax-Exempt Income Trust Boston	26.33%
IDS Tax-Exempt Bond Fund Minneapolis	25.75%
Seligman National Tax-Exempt Series New York	25.06%
Bull & Bear Tax-Free Income New York	25.03%

Exempt here means exempt from federal tax, not
necessarily state and local income taxes.

STOCKS WITH BIG RISE AFTER DEBUT

Increase in price from
initial public offering to 9/30

Home Shopping Network Clearwater, Fla.	602%
Flores de New Mexico Plant grower; Las Cruces, N.M.	167%
ATI Medical Equipment rental; Glendale, Calif.	156%
Envirofact Inc. Environmental consulting; Miami	146%
Digitext Inc. Keyboard products; Thousand Oaks, Calif.	118%
Nutmeg Industries Apparel; Tampa	73%
APA Optics Laser systems; Blaine, Minn.	72%
Home Federal Savings Bank, Northern Ohio Lakewood, Ohio	71%
National Industrial Bancorp Hartford, Conn.	68%
Officeland Inc. Used office equipment; Toronto	66%

The list takes in stocks issued during 1986. The
percentage rise applies to the September 30 price.